

October 15, 1999

Legislative Audit Commission
622 Stratton Office Building
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General through the lapse period of Fiscal Year 1999, which ended August 31, 1999, and the first quarter of Fiscal Year 2000.

FISCAL MATTERS

<i>FY 1999 – FINAL</i>			
	<i>Appropriation</i>	<i>Expended</i>	<i>Balance</i>
Personal Services	\$ 3,157,500	\$ 3,071,879	\$ 85,621
Employee Retirement (Employer)	126,300	117,562	8,738
State Retirement	303,100	292,920	10,180
Social Security	231,600	227,275	4,325
Contractual Services	516,400	483,509	32,891
Travel	85,000	72,998	12,002
Commodities	11,800	11,058	742
Printing	14,200	13,723	477
Equipment	84,100	81,642	2,458
Electronic Data Processing	106,600	105,807	793
Telecommunications	80,000	66,867	13,133
Operation of Automotive Equipment	4,100	2,213	1,887
Audits/Studies/Investigations*	<u>11,409,600</u>	<u>9,810,559</u>	<u>1,599,041</u>
TOTAL	<u>\$16,130,300</u>	<u>\$14,358,012</u>	<u>\$1,772,288</u>
*Audit Expense Fund			

FISCAL MATTERS

<i>FY 2000 - FIRST QUARTER</i>				
	<i>Appropriation</i>	<i>Expended</i>	<i>Obligated</i>	<i>Balance</i>
Personal Services	\$ 3,344,900	\$ 657,408	\$ 0	\$ 2,687,492
Employee Retire. (Employer)	134,000	24,620	0	109,380
State Retirement	328,000	63,904	0	264,096
Social Security	256,000	49,164	0	206,836
Contractual Services	591,700	112,713	290,544	188,443
Travel	110,000	19,193	0	90,807
Commodities	27,000	1,470	329	25,201
Printing	25,000	1,532	7,505	15,963
Equipment	55,000	2,957	45,115	6,928
EDP	120,000	2,339	0	117,661
Telecommunications	102,000	1,517	0	100,483
Oper. of Auto. Equip.	5,000	878	0	4,122
Audits/Studies/Invest.*	<u>12,262,100</u>	<u>814,448</u>	<u>7,512,033</u>	<u>3,935,619</u>
TOTAL	<u>\$17,360,700</u>	<u>\$1,752,143</u>	<u>\$7,855,526</u>	<u>\$7,753,031</u>
*Audit Expense Fund				

PERSONNEL

	<i><u>07-01-99</u></i>	<i><u>Appointments</u></i>	<i><u>Separations</u></i>	<i><u>Transfers</u></i>	<i><u>09-30-99</u></i>
Springfield	66	3	2	(1)	66
Chicago	<u>09</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>09</u>
TOTAL	75	3	3	0	75

CONTRACTS

During the first quarter of Fiscal Year 2000 the Office of the Auditor General entered into twenty administrative contracts, one hundred thirty-one financial/compliance audit contracts and nineteen information systems contracts.

TRAINING

Training for the first quarter of Fiscal Year 2000 included Accounting and Auditing Updates, Basic Auditor Training, Mandate Testing, Practical Application of Accounting and Financial Reporting Principles, and Writing for Auditors. Additional external training that staff participated in includes Finding and Investigating Fraud, Forensic Accounting: Fraudulent Reporting and Concealed Assets, GAAP Training - Basic GAAP Package Preparation and Federal Reporting, How to Supervise People, IS Audit and Control Training Week, National Conference of State Legislatures Annual Conference, Using Bindview for Network Management and Security, and Windows NT System Administration.

PERFORMANCE AUDITS

<i>PERFORMANCE AUDITS IN PROGRESS</i>
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<i>AUDITS</i>	<i>ESTIMATED RELEASE DATE</i>
<ul style="list-style-type: none">• Compliance and Management Audit of Chicago's Airports (PA 89-386)• Illinois Math and Science Academy (LAC Resolution #115)	Unknown Fall 1999

FINANCIAL & COMPLIANCE AUDITS

The following is a listing of financial and compliance audits for the period ending June 30, 1998. As the year progresses the “date released” column will be completed.

<i>FINANCIAL & COMPLIANCE AUDITS FOR THE PERIOD ENDING JUNE 30, 1998</i>

F = Financial

C = Compliance

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Aging	x	x	03-25-99
Anna Veterans Home		x	04-15-99
Attorney General	x	x	09-02-99
Big Muddy River Correctional Center		x	04-15-99
Capital Development Board	x	x	03-05-99
Central Management Services & Revolving Funds		x	03-10-99
Centralia Correctional Center		x	04-21-99
Chicago Metro. - Close Out		x	03-18-99
Chicago State University	x		05-20-99
Chicago State University Foundation	x	x	05-20-99
Children and Family Services	x	x	05-05-99
CMS - Deferred Compensation Plan	x		06-30-99
Commerce and Community Affairs	x	x	03-18-99
Community College Board	x	x	03-05-99
Community College System Foundation	x	x	03-05-99
Comptroller - Fiscal Officer	x	x	05-25-99
Comptroller - Non-Fiscal Officer	x	x	05-25-99
Conservation Foundation	x	x	02-11-99
Correctional Industries	x	x	04-21-99
Corrections - General Office	x	x	04-21-99
Danville Correctional Center		x	04-21-99
Development Finance Authority	x	x	04-27-99

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Dixon Correctional Center		x	04-21-99
DuQuoin State Fair		x	03-10-99
Dwight Correctional Center		x	04-21-99
East Moline Correctional Center		x	04-21-99
East St. Louis Financial Advisory Authority	x	x	03-18-99
Eastern Illinois University	x	x	05-20-99
Eastern Illinois University Alumni Association	x		05-20-99
Eastern Illinois University Foundation	x		05-20-99
Employment Security	x		03-25-99
Environmental Protection Agency	x	x	05-05-99
EPA Trust Fund Commission (In EPA)	x	x	05-05-99
Farm Development Authority	x	x	04-27-99
Financial Institutions	x	x	03-18-99
General Assembly Retirement System	x	x	01-27-99
Governors State University	x	x	05-20-99
Governors State University Alumni Association	x		05-20-99
Governors State University Foundation	x		05-20-99
Graham Correctional Center	x		04-21-99
Health Care Cost Containment Council	x	x	05-13-99
Health Facilities Authority	x	x	04-27-99
Hill Correctional Center		x	04-21-99
Historic Preservation Agency	x	x	03-25-99
Housing Development Authority	x	x	04-27-99
Human Services - Central Office	x		05-13-99
Illinois River Correctional Center		x	04-21-99
Illinois State Fair		x	03-10-99
Illinois State University	x	x	05-20-99
Illinois State University Foundation	x	x	05-20-99
Illinois Youth Center – Harrisburg		x	04-21-99
Illinois Youth Center – Joliet		x	04-21-99

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Illinois Youth Center – Murphysboro		x	04-21-99
Illinois Youth Center – Pere Marquette		x	04-21-99
Illinois Youth Center - St. Charles		x	04-21-99
Illinois Youth Center – Valley View		x	04-21-99
Illinois Youth Center – Warrenville		x	04-21-99
IMSA Fund	x		03-18-99
Industrial Commission – Self Insurers Fund	x		03-25-99
Insurance - Special Deputy			03-19-99
ISAC- Designated Account Purchase	x		03-18-99
Jacksonville Correctional Center		x	04-21-99
Joint Committee on Administrative Rules		x	04-15-99
Joliet Correctional Center		x	04-21-99
Judges Retirement System	x	x	01-27-99
Judicial Inquiry Board		x	06-17-99
Kankakee River Valley Area Airport Authority	x	x	06-17-99
LaSalle Veterans Home		x	04-15-99
Law Enforcement Training & Stand. Board	x	x	03-10-99
Legislative Information System		x	04-15-99
Lincoln Correctional Center	x	x	04-21-99
Liquor Control Commission	x	x	02-24-99
Logan Correctional Center		x	04-21-99
Lottery	x	x	02-24-99
Manteno Veterans Home		x	04-15-99
Mathematics & Science Academy	x	x	03-18-99
Medical District Commission	x	x	09-02-99
Menard Correctional Center		x	04-21-99
Metro Water Reclamation District			
Military Affairs		x	03-10-99
Natural Resources	x	x	03-25-99
Northeastern Illinois University	x	x	05-20-99

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Northeastern Illinois University Foundation	x		05-20-99
Northern Illinois University	x	x	05-20-99
Northern Illinois University Foundation	x	x	05-20-99
Office of Banks and Real Estate	x	x	03-18-99
Pollution Control Board	x	x	03-25-99
Pontiac Correctional Center		x	04-21-99
Prairie State 2000 Authority	x		05-05-99
Prisoner Review Board		x	03-10-99
Property Tax Appeal Board		x	03-05-99
Public Aid	x	x	06-17-99
Quincy Veterans Home	x	x	04-15-99
Racing Board	x	x	02-24-99
Revenue	x		03-10-99
Robinson Correctional Center		x	04-21-99
Rural Bond Bank	x	x	04-27-99
Secretary of State	x		05-25-99
Shawnee Correctional Center		x	04-21-99
Sheridan Correctional Center		x	04-21-99
SIU Carbondale – Alumni	x		02-11-99
SIU Carbondale - Foundation	x		02-11-99
SIU Edwardsville – Alumni	x		02-11-99
SIU Edwardsville – Foundation	x		02-11-99
SIU Physicians & Surgeons, Inc.	x		02-11-99
SIU University Park	x		02-11-99
Southern Illinois University	x	x	05-20-99
Southwestern Illinois Correctional Center		x	04-21-99
State Appellate Defender	x	x	02-24-99
State Board of Education	x	x	05-05-99
State Board of Investment	x	x	01-27-99
State Employees Retirement System	x	x	01-27-99

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
State Fire Marshal	x	x	06-30-99
State Police	x	x	04-15-99
State Police Merit Board		x	04-15-99
State Universities Retirement System	x	x	01-27-99
State's Attorneys Appellate Prosecutor	x	x	02-24-99
Stateville Correctional Center		x	04-21-99
Student Assistance Commission	x	x	03-05-99
Tamms Correctional Center		x	04-21-99
Taylorville Correctional Center		x	04-21-99
Teachers Retirement System	x	x	01-27-99
Toll Highway Authority	x	x	09-02-99
Transportation	x	x	04-15-99
Treasurer - Fiscal Officer	x	x	05-25-99
Treasurer - The Illinois Funds	x		02-11-99
University of Illinois	x	x	05-20-99
University of Illinois Alumni Association	x	x	05-20-99
University of Illinois Foundation	x	x	05-20-99
University of Illinois HMO – 97		x	05-20-99
University of Illinois HMO – 98	x		05-20-99
Vandalia Correctional Center		x	04-21-99
Veterans Affairs - General Office	x	x	04-15-99
Vienna Correctional Center		x	04-21-99
Violence Prevention Authority PA 89-353	x	x	09-02-99
Western Illinois Correctional Center		x	04-21-99
Western Illinois University	x	x	05-20-99
Western Illinois University Foundation	x		05-20-99

FINANCIAL & COMPLIANCE AUDITS (Continued)

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C = Compliance

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Alton Mental Health Center			
Arts Council and Foundation			
Attorney General			
Attorney Registration and Disciplinary Commission			
Board of Admissions to the Bar			
Board of Higher Education			
Bureau of the Budget			
Capital Development Board			
Center for Rehabilitation and Education			
Chester Mental Health Center			
Chicago Read Developmental Center			
Chicago State University			
Chicago State University Foundation			
Choate Mental Health Center			
Civil Service Commission			
Commission on Intergovernmental Cooperation			
Comptroller - Fiscal Officer			
Comptroller - Non-fiscal Officer			
Correctional Industries			
Corrections - General Office			
Corrections School District			
Court of Claims			
Criminal Justice Information Authority			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
DCMS - Deferred Compensation Plan			
Deaf and Hard of Hearing Commission			
Department of Agriculture			
Department of Central Management Services			
Department of Children and Family Services			
Department of Commerce and Community Affairs			
Department of Employment Security			
Department of Human Rights			
Department of Human Services - Central Office			
Department of Insurance			
Department of Labor			
Department of Lottery			
Department of Natural Resources			
Department of Nuclear Safety			
Department of Professional Regulation			
Department of Public Aid			
Department of Public Health			
Department of Revenue			
Department of Transportation			
Department of Veterans Affairs - Central Office			
Department on Aging			
Development Finance Authority			
Distance Learning Foundation			
Drycleaner Envir. Res. Trust commission			
DuQuoin State Fair			
Eastern Illinois University			
Eastern Illinois University Alumni Association			
Eastern Illinois University Foundation			
Economic and Fiscal Commission			
Educational Facilities Authority			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Educational Labor Relations Board			
Elgin Mental Health Center			
Emergency Management Agency			
Environmental Protection Agency			
EPA Trust Fund Commission			
Farm Development Authority			
Fox Developmental Center			
General Assembly – House			
General Assembly – Senate			
General Assembly Retirement System			
Governors Commission on the Status of Women			
Governors State University			
Governors State University Alumni Association			
Governors State University Foundation			
Grain Insurance Corporation			
Guardianship and Advocacy Commission			
Health Facilities Authority			
High School Association			
Historic Preservation Agency			
Housing Development Authority			
Howe Developmental Center			
Human Rights Commission			
Illinois Building Commission			
Illinois Commerce Commission			
Illinois Community College Board			
Illinois Conservation Foundation			
Illinois Math and Science Academy			
Illinois State Fair			
Illinois State Police			
Illinois State University			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Illinois State University Foundation			
Illinois Student Assistance Commission			
IMSA Fund			
Industrial Commission			
Jacksonville Developmental Center			
Judges Retirement System			
Judicial Inquiry Board			
Kankakee River Valley Area Airport Authority			
Kiley Developmental Center			
Law Enforcement Training and Standards Board			
Legislative Audit Commission			
Legislative Printing Unit			
Legislative Reference Bureau			
Legislative Research Unit			
Lincoln Developmental Center			
Literacy Foundation			
Ludeman Developmental Center			
Mabley Developmental Center			
Madden Mental Health Center			
McFarland Mental Health Center			
Medical District Commission			
Metro. Pier and Exposition Authority			
Murray Developmental Center			
Northeastern Illinois University			
Northeastern Illinois University Foundation			
Northern Illinois University			
Northern Illinois University Foundation			
Office of the Governor			
Office of the Lieutenant Governor			
Pension Laws Commission			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Planning Council on Developmental Disabilities			
Prairie State 2000 Authority			
Rural Bond Bank			
School for the Deaf			
School for the Visually Impaired			
Secretary of State			
Shapiro Developmental Center			
Singer Developmental Center			
Southern Illinois University			
Southern Illinois University Carbondale - Alumni Assoc.			
Southern Illinois University Carbondale – Foundation			
Southern Illinois University Edwardsville - Alumni Assoc.			
Southern Illinois University Edwardsville – Foundation			
Southern Illinois University Physicians and Surgeons			
Southern Illinois University - University Park			
Space Needs Commission			
State Appellate Defender			
State Board of Education			
State Board of Elections			
State Board of Investment			
State Employees Retirement System			
State Labor Relations Board			
State Universities Retirement System			
State’s Attorneys Appellate Prosecutor			
Summer School for the Arts			
Supreme Court			
Teachers Retirement System			
Teachers Retirement System – Chicago			
Tinley Park Mental Health Center			
Toll Highway Authority			

FINANCIAL & COMPLIANCE AUDITS (*Continued*)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Treasurer - Fiscal Officer			
Treasurer - Illinois Funds			
Treasurer - Non-fiscal officer			
Universities Civil Service Commission			
University of Illinois			
University of Illinois Alumni Association			
University of Illinois Foundation			
University of Illinois HMO			
Western Illinois University			
Western Illinois University Foundation			
Zeller Mental Health Center			

INFORMATION SYSTEMS AUDITS

These audits are components of each agency's regularly scheduled financial and compliance audit for the period ending June 30, 1999.

<i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2000</i>	
•	Chicago State University
•	Comptroller
•	Department of Central Management Services - BCCS 3 rd Party Review
•	Department of Commerce and Community Affairs
•	Department of Human Services
•	Department of Professional Regulations
•	Department of Public Aid
•	Department of Revenue
•	Guardianship and Advocacy Commission
•	Illinois Commerce Commission
•	Illinois Criminal Justice Information Authority
•	Illinois State Police
•	Illinois Student Assistance Commission
•	Northern Illinois University
•	Secretary of State
•	State Board of Elections
•	University of Illinois

EMERGENCY PURCHASES

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the first quarter of Fiscal Year 2000 and it contains one hundred thirty-four filings with this Office.

CONTRACTUAL SERVICES CERTIFICATIONS

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the first quarter of Fiscal Year 2000, the Auditor General received one certification from the Office of the Secretary of State stating that the agency would contract with an individual who retired from State service and that the individual possesses unique expertise essential to the agency.

Copies of this certification and others received in previous quarters are on file in our Office.

PEER REVIEW OF AUDITOR GENERAL'S OFFICE UNQUALIFIED

I am happy to report that a July 1999 peer review of the Auditor General's audit processes resulted in an unqualified (clean) opinion. Additionally, the peer review team did not note any deviations from professional standards that would have required a written letter of comments. Our prior peer review, conducted in July 1996, likewise resulted in an unqualified opinion.

The peer review is an external quality control review conducted every three years by audit professionals from across the United States who are selected by the National State Auditors Association. The peer review helps to ensure that our procedures meet all required professional standards, comply with Government Auditing Standards and produce reliable products for the agencies we audit.

AUDITOR GENERAL'S OFFICE RECEIVES AWARD

In July, the National Conference of State Legislatures' National Legislative Program Evaluation Society (NLPES) presented the Auditor General's Office with a Certificate of Recognition of Impact for our *Management Audit of Tuition and Fee Waivers*. The NLPES award recognizes reports having a positive impact on public policy, for instance by resulting in dollar savings, program improvements, or legislative changes.

The *Management Audit of Tuition and Fee Waivers* was conducted pursuant to Legislative Audit Commission Resolution No. 108. Released in April 1998, the report contains ten recommendations to State agencies to improve the award, management and reporting of tuition waivers given by the State's public universities. The audit took nearly two years to complete and represents the largest document gathering process ever conducted by my Office.

Yours truly,

WILLIAM G. HOLLAND
Auditor General